

CLASSIFICATION RESTRICTED
 SECURITY INFORMATION
 CENTRAL INTELLIGENCE AGENCY
 INFORMATION FROM
 FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT

CD NO.

COUNTRY Hungary
 SUBJECT Economic - Finance, planning, organization
 HOW PUBLISHED Irregular newspaper
 WHERE PUBLISHED Budapest
 DATE PUBLISHED 23 Feb 1952
 LANGUAGE Hungarian

DATE OF INFORMATION 1952

DATE DIST. 17 Oct 1952

NO. OF PAGES 3

SUPPLEMENT TO REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF ESPIONAGE ACT 50 U. S. C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Magyar Kozlony.HUNGARIAN DECREE ON CASH-REQUIREMENT PLANNING

The following decree places the circulation of currency and bank deposits under rigorous supervision. [redacted] credit extension was also restricted by decree last April. In addition a vigorous drive, sponsored by the National Planning Office last April, resulted in voluntary pledges in industry, mining, and the state farms to economize several hundred million forints in investments. [redacted]

Taken together with the economy drive, these two decrees may possibly indicate that the Hungarian government considered it essential last spring to resort to anti-inflationary measures.

The Minister of Finance has issued Decree No 14, dated 23 February 1952, relative to cash requirement planning, the main provisions of which are as follows:

With a view to drawing up a plan for the regulation of the change in bank-note circulation and of currency circulation, quarterly cash requirement plans (penztari terv) must be prepared. In addition, the Hungarian National Bank (hereinafter Bank) is also required to prepare annual cash requirement plans, based on the national plan figures and empirical data.

Cash requirement plans are to be prepared by the following (hereinafter planners): (1) state executive and administrative organs and other agencies operating under the national budget, (2) enterprises required to operate under plans, and (3) producers' cooperatives and farmers' and artisans' cooperatives. With the exceptions stated in the following paragraph, the planners are required to prepare their cash requirement plans independently.

State executive and administrative organs will prepare detailed cash requirement plans for their various departments. The departmental plans will include the plans of subordinate authorities, institutions, etc., and will be consolidated into a general cash-requirement plan. The cash-requirement plan prepared by the finance department of the executive committee of the megye council

- 1 -

CLASSIFICATION RESTRICTED

STATE	<input checked="" type="checkbox"/> NAVY	<input checked="" type="checkbox"/> NSRB	DISTRIBUTION																	
ARMY	<input checked="" type="checkbox"/> AIR	<input checked="" type="checkbox"/> FBI																		

RESTRICTED

STAT

will include the plans of jarasok, cities, and towns under its territorial jurisdiction and will also be consolidated into a general plan. The cash-requirement plan of the Budapest city council will include the plans of the city districts, and that of the social-insurance system will include the individual plans of its network. Cash-requirement plans for the so-called A/22 type enterprises, operating under the jurisdiction of the local councils, will be prepared temporarily by the finance department of the executive committee of the megye council (or Budapest city council), grouped according to activities. Enterprises maintaining accounts with the KIB (Kereskedelmi Iparbank, Industrial Bank of Commerce) will prepare individual cash-requirement plans, which will be consolidated by the KIB into a single plan. In addition, the KIB will prepare a cash-requirement plan of its own. Temporarily, supervisory organs will prepare cash-requirement plans for the cooperatives: the Szövetkezetek Országos Szövetsége (National Association of Cooperatives) for farmers' cooperatives, the Ministry of Agriculture for producers' cooperatives, and the OKISZ (Országos Kisiparos Szövetkezet, National Association of Artisans) for artisans' cooperatives.

The cash-requirement plans must contain all expected cash and cash-type receipts and payments for the plan period, namely: (1) cash deposited by third parties on the planners' accounts at financial institutions and payments made from such accounts, (2) cash payments made by third parties to the planners directly and cash paid out by the planners, (3) payments effected by mail and to third parties through the planners' accounts, and (4) transfers to and by the planners through the OTp (Országos Takarekpenztar, National Savings Bank).

Cash requirement plans are to be prepared for each month separately and must show gross receipts and payments; compensation of receipts against payments is not permissible. If the activities of a planner extend over several megyek, the cash-requirement plan must be broken down by megyek.

The OTp is required to prepare a plan showing changes in its cash holdings, besides its own cash requirement plan. The OSZK (Országos Szövetkezeti Hitelin-tezet, National Credit Institution for Cooperatives) is required to prepare, besides a cash-requirement plan for its business with cooperatives, another plan for its transactions with other clients.

The cash-requirement plan must be submitted to the branch of the Bank or to another financial institution where the planner maintains an account. The branch of the Bank will discuss the cash-requirement plan, submitted together with the financial plan, with the planner and may modify it. After review, the cash-requirement plans are consolidated for the megye in which the branch of the Bank is operating. The Bank reviews and coordinates the consolidated plans with the preliminary national plans and prepares a preliminary national cash-requirement plan.

After the National Economic Council has approved the quarterly operating plans, the Bank will modify the cash-requirement plans on the basis of data supplied by the National Planning Office, especially the principal items relating to wages, purchases, and sales. Thereafter the Bank will prepare the national cash-requirement plan in final form and collate it with the national currency circulation and the national credit plans.

The national cash-requirement plan is prepared in two breakdowns, by branches of national economy and by ministries, and is submitted by the Bank, together with the national-currency-circulation balance sheet, prepared by the National Planning Office, to the National Economic Council.

After the National Economic Council has approved the national cash-requirement plan, the Bank breaks it down according to megyek and the megye plans, in turn, are broken down according to planners. Finally, the individual cash-requirement plans are transmitted by the Bank to the planners with a statement of approval.

- 2 -

RESTRICTED

RESTRICTED

STAT

The cash-requirement plans of cooperatives, prepared by their supervisory organs, are reviewed by the OSZH and then transmitted to the Bank. Cash-requirement plans of enterprises serviced by the KIB are processed by the latter. The approved cash requirement plans are mandatory for the planners. The amount of payments included in these plans is considered a maximum and the amount of receipts a minimum.

All enterprises and other organs must conduct their operations with a view to reducing the currency circulation to the minimum. The planners are required to deposit all their currency receipts with the Bank and to apply to the Bank for their currency requirements. Only retail stores and installations serving the consumers directly are excepted from this regulation.

Compliance with the cash-requirement plan is supervised by the financial institutions, which will forward a statement of account to each planner at the end of the second month of the plan quarter, or earlier if 80 percent of the planned expenditures was reached. Deviation from the plan must be justified within 8 days after receipt of the statement. All planners are required to render to the Bank monthly reports of their currency receipts and payments. The KIB and the OSZH will exercise permanent supervision over the cash-requirement plans of the enterprises and cooperatives under their respective jurisdiction and will make reports to the Bank.

Irregularities in the execution and supervision of the cash-requirement plans will be reported by the Bank to the ministry concerned. In turn, the ministry will inform the Bank of the measures taken in connection with such irregularities. In case the Bank disagrees with these measures, it will transmit its comments to the Ministry of Finance.

The Bank will submit to the Ministry of Finance monthly and quarterly consolidated reports relative to the fulfillment of the national cash-requirement plan. The planners are required to furnish the Bank with all data relative to currency receipts and payments on request.

The present decree will go into effect on 1-April 1952. Violation of any of the provisions of this decree is subject to a fine not exceeding 5,000 forints, as well as to special disciplinary action of financial nature within the discretion of the Bank. Proceedings for violation will be begun by the Bank.

- E N D -

- 3 -

RESTRICTED